

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 03861 031725Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 TRSE-00 OMB-01 COME-00 SSO-00
INRE-00 ICAE-00 PA-02 CIAE-00 INR-10 NSAE-00 H-02
SP-02 SS-15 NSCE-00 SIL-01 LAB-04 DOE-15 SOE-02
DOEE-00 /075 W

-----078291 031731Z /46

O 031715Z AUG 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 8276
INFO AMCONSUL TORONTO

UNCLAS OTTAWA 03861

E.O. 11652: N/A
TAGS: EINV, CA
SUBJECT: PRESS REPORTS ON AUTO TALKS
REFS: A. TORONTO 1486; B. OTTAWA 3854

1. TORONTO "GLOBE AND MAIL" CARRIES PAGE ONE STORY
AUGUST 3 SAYING U.S. TREASURY SECRETARY BLUMENTHAL CALLED
FINANCE MINISTER CHRETEN AND FORD MOTOR COMPANY EXECUTIVES
LAST WEEK IN AN ATTEMPT TO PREVENT FORD FROM LOCATING AN
ENGINE PLANT IN ONTARIO. STORY SAYS REPORT WAS CONFIRMED
BY CANADIAN EMBASSY IN WASHINGTON.

2. STORY BY LAWRENCE MARTIN DATELINED WASHINGTON SAYS
U.S. PRESSURES ARE VIEWED BY CANADIAN OFFICIALS AS
POSSIBLE INDICATION CARTER ADMINISTRATION IS NOW EMBARKING
ON "NEW AGGRESSIVE TRADE POLICY" BECAUSE OF U.S. BALANCE
OF PAYMENTS DEFICIT AND WEAKENED DOLLAR, WITH CANADA ONE
OF THE EARLY TARGETS. U.S. TREASURY OFFICIAL QUOTED AS
SAYING THAT DUE TO CONGRESSIONAL PRESSURES, WHITE HOUSE
HAS DECIDED TO TOUGHEN UP ON TRADE AGREEMENTS TO ACHIEVE
A GREATER BALANCE.

3. MARTIN ALSO QUOTES U.S. REPRESENTATIVE TENNYSON GUYER,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 03861 031725Z

WHOSE CONSTITUTENCY INCLUDES LIMA, OHIO, AS SAYING THERE
WAS NO GREAT LOCAL PRESSURE TO GET THE FORD PLANT BUILT
IN LIMA, BUT THAT CANADA WAS "PLAYING AN UNFAIR BALL GAME"
IN USING THE INCENTIVES.

4. ONTARIO TREASURER DARCY MCKEOUGH QUOTED AS SAYING
STATEMENT BY BERGSTEN (REFTELS) OVERLOOKS U.S. INCENTIVES

OFFERED TO VOLKSWAGEN. MCKEOUGH ALSO ADVOCATED REASONING WITH AMERICANS ON THE QUESTION, SAYING IT IS IN NEITHER ONE OF OUR BEST INTERESTS TO SOLVE AUTO PACT PROBLEMS BY GIVING GRANTS TO TWO OF THE WEALTHIEST CORPORATIONS IN THE WORLD.

5. SPOKESMAN FOR FINANCE MINISTER CHRETEN REPORTED TO WONDER HOW U.S. COULD START "GETTING HEAVY" ON QUESTION OF AUTO TRADE WITH CANADA WHEN U.S. HAD DOLS 1 BILLION SURPLUS IN THAT TRADE.

6. FINANCE DEPARTMENT SPOKESMAN IS QUOTED AS SAYING, "AND WHEN THE INDIVIDUAL STATES HAVE THE TYPE OF INCENTIVE PROGRAMS THAT THE CANADIAN PROVINCES CAN'T AFFORD ITS EASY FOR THE AMERICAN GOVERNMENT TO SIT BACK AND SAY 'WE'RE NOT DOING IT AS A FEDERAL GOVERNMENT. WHY SHOULD YOU BE?'"

7. OTTAWA CITIZEN AUGUST 3 HAS PAGE ONE STORY UNDER LEAD "U.S. THREAT ON CAR PACT DOWNPLAYED." IT QUOTES GORDON OSBALDESTON, DEPUTY MINISTER OF INDUSTRY, TRADE AND COMMERCE, SAYING TALKS WITH U.S. OFFICIALS IN OTTAWA AUGUST 4 ARE NORMAL AND ONGOING. HE SAID TALKS ARE NOT THE RESULT OF U.S. INVOCATION OF THE AUTO PACT OR THE 1976 OECD DECLARATION (ON INVESTMENT INCENTIVES AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 03861 031725Z

DISINCENTIVES) IN TRYING TO BLOCK CANADA'S EFFORTS TO BRING IN MORE AUTO MANUFACTURING.

8. CITIZEN ARTICLE SAYS "ONE IRRITANT" IN TRADE RELATIONS IS DOLS 75 MILLION INCENTIVE BEING OFFERED FORD BY FEDERAL AND ONTARIO GOVERNMENTS AND DOLS 80 MILLION INCENTIVE (DOLS 60 MILLION FROM FEDERAL, DOLS 20 MILLION FROM QUEBEC) OFFERED GM TO LOCATE PLANT IN QUEBEC. DECISION BY FORD IS EXPECTED "WITHIN TWO WEEKS."

9. TORONTO STAR AUGUST 2 SAYS WASHINGTON OFFICIALS ARE "PREPARING TO STORM PARLIAMENT HILL TO PROTEST WHAT THEY SEE AS UNFAIR ECONOMIC INCENTIVES."

10. STAR SAYS OTTAWA OFFICIALS APPEAR COMPLACENT, SAYING "THERE IS NOTHING SPECIAL ABOUT THE MEETING AS FAR AS WE ARE CONCERNED."

11. STAR ALSO REPORTS THAT HERB GREY, FEDERAL MP FROM WINDSOR, SAID OHIO ALSO OFFERED FORD SIZEABLE INCENTIVES TO EXPANDING AN EXISTING ENGINE PLANT AT LIMA, OHIO.

12. GREY QUOTED AS SAYING STATEMENTS BY BERGSTEN OVERLOOK IMPORTANT FACT THAT IN CANADA FEDERAL GOVERNMENT HAS

TRADITIONALLY BEEN MORE ACTIVE IN OFFERING INCENTIVES
THAN IS THE CASE IN THE U.S. GREY ALSO SAID CANADIAN
GOVERNMENT IS ENTITLED TO ENSURE THAT WHAT WAS AGREED IN
THE AUTO PACT, ESPECIALLY THE CLAUSE WHICH CALLS FOR
UNCLASSIFIED

INDUSTRY GROWTH TO BE SHARED ON A FAIR AND EQUITABLE
BASIS, REALLY TAKES PLACE. ENDERS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA03861
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780318-0604
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197808102/aaaadhvr.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: df0f0358-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 TORONTO 1486, 78 OTTAWA 3854
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09 jun 2006
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1547685
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS ON AUTO TALKS
TAGS: EINV, CA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/df0f0358-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014